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Speech by Premier Peter Lougheed to the
Calgary Chamber Of Commerce, Septe 2



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SPEECH BY
PREMIER PETER LOUGHEED
TO THE CALGARY
CHAMBER OF COMMERCE

September 6, 1974

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SEPTEMBER 6, 1974

WE MOST APPRECIATE THIS OPPORTUNITY TO COMMUNICATE WITH YOU. IT HAS BEEN ALMOST EXACTLY THREE YEARS SINCE WE HAVE BEEN IN OFFICE. MY PURPOSE TODAY IS TO GIVE AN OVER-VIEW OF ALBERTA INDUSTRIAL STRATEGY AS IT HAS BEEN DEVELOPED BY YOUR PROVINCIAL GOVERNMENT OVER THE COURSE OF THE PAST THREE YEARS. IT INCLUDES A SUMMARY DESCRIPTION OF THE GOALS OF THE ALBERTA GOVERNMENT AND CONCENTRATES UPON THE AREA OF TRANSPORTATION. THE NATURE OF THE OCCASION TODAY AND HENCE THE LIMITATIONS OF TIME PREVENTS DEVELOPING THE STRATEGY IN DETAIL. EVEN WITH THAT, I REGRET TO SAY THAT I AM GOING TO BE A LITTLE MORE LENGTHY THAN I NORMALLY LIKE TO BE, BUT I HOPE YOU WILL FIND IT USEFUL AND A BETTER UNDERSTANDING OF THE ALBERTA GOVERNMENT POLICY.

LADIES AND GENTLEMEN, WE INTERPRETED OUR MANDATE IN 1971 TO STOP THE DRIFT TO COMPLACENCY IN OUR PROVINCE - TO RECOGNIZE THAT THE SALE OF DEPLETING RESOURCES WAS NOT BY ITSELF ENOUGH TO ASSURE CONTINUED PROSPERITY FOR THE FUTURE OF ALBERTA. OUR MANDATE REQUIRED US TO BRING VITALITY AND NEW POLICIES AND NEW DIRECTIONS TO THE ALBERTA GOVERNMENT. THAT WAS OUR THEME 'NEW DIRECTIONS FOR ALBERTA'. OUR PLATFORM WAS ENTITLED "NEW DIRECTIONS FOR ALBERTA IN THE 1970'S" AND AS SOME OF YOU MAY RECALL, IT WAS A VERY COMPREHENSIVE DOCUMENT. IT EXPLAINS WHAT WE HAVE BEEN DOING AND WHY WE HAVE BEEN TAKING THE ACTION WE HAVE TAKEN. I PARTICULARLY REFER YOU WITH REGARD TO OUR PLATFORM TO THE ECONOMIC GROWTH POLICIES AND THE PARTICIPATION BY ALBERTANS IN OUR OWN ECONOMY.

IT STRIKES ME THAT IT MIGHT BE USEFUL AT THE OUTSET TO BRIEFLY SKETCH OUR PHILOSOPHY AS A GOVERNMENT. IT CONTAINS THREE BASIC FOUNDATIONS RESPECTING ECONOMIC POLICIES. THE FIRST ONE IS TO STRENGTHEN THE CONTROL BY ALBERTANS OVER OUR OWN FUTURE AND TO REDUCE THE DEPENDENCY FOR OUR CONTINUED QUALITY OF LIFE ON GOVERNMENTS, INSTITUTIONS OR CORPORATIONS DIRECTED FROM OUTSIDE THE PROVINCE. SECONDLY, TO DO THIS AS MUCH AS POSSIBLE THROUGH THE PRIVATE SECTOR AND ONLY TO MOVE THROUGH THE PUBLIC SECTOR IF THE PRIVATE SECTOR IS NOT IN A POSITION OR NOT PREPARED TO MOVE IN ESSENTIAL NEW DIRECTIONS AND THEN ONLY IN EXCEPTIONAL AND VERY SPECIFIC CIRCUMSTANCES. AND, THIRDLY, TO STRENGTHEN COMPETITIVE FREE ENTERPRISE BY ALBERTANS WHICH TO US MEANS GIVING PRIORITY TO OUR LOCALLY-OWNED BUSINESSES. OUR BASIC GUIDEPOST WAS TO MAXIMIZE THE NUMBER OF OUR CITIZENS CONTROLLING THEIR OWN ECONOMIC DESTINY. (THAT IS NOT TO SAY THAT WE DO NOT RECOGNIZE AND RESPECT THE CONTRIBUTION OF LARGE NATIONAL CORPORATIONS - WE DO - BUT OUR PRIORITY IS TO SMALL AND LOCALLY-OWNED BUSINESS.) OUR PLATFORM REFLECTS THIS PHILOSOPHY AND IN OUR JUDGMENT, OUR POLICIES HAVE BEEN CONSISTENT WITH THE PHILOSOPHY.

I WOULD LIKE NOW TO DO A QUICK ASSESSMENT OF THE STATE OF BUSINESS IN ALBERTA TODAY AFTER THREE YEARS OF OUR GOVERNMENT. THE ALBERTA ECONOMY HAS WITHOUT DOUBT NEVER BEEN IN A STRONGER POSITION IN OUR VIEW. NEW JOBS CREATED IN THE LAST THREE YEARS IS A STARTLING FIGURE OF 90,000 JOBS. THE PARTICIPATION RATE FOR EMPLOYMENT IS THE HIGHEST IN CANADA, WHICH MEANS AN INCREASING PERCENTAGE OF OUR CITIZENS ARE WORKING. UNEMPLOYMENT INSURANCE CLAIMS IN ALBERTA HAVE DECREASED APPROXIMATELY 29 PERCENT OVER THE PAST YEAR ON THE LATEST FIGURES. RETAIL TRADE HAS IMPROVED SUBSTANTIALLY

AS HAVE FARM CASH RECEIPTS. THIS VERY STRONG GROWTH DATA CAN OF COURSE BE SUPPORTED BY MANY OTHER STATISTICS. IT INDICATES THAT ALBERTA'S ECONOMIC AND BUSINESS PERFORMANCE IN THE LAST THREE YEARS HAS BEEN BETTER THAN ANY PROVINCE IN CANADA. ALBERTA BUSINESS AND BUSINESSMEN AND ALSO ALBERTA GOVERNMENT CAN IN MY VIEW TAKE SOME MEASURE OF SATISFACTION FROM THIS ECONOMIC STRENGTH AND GROWTH STATISTICS. WE ARE ALL AWARE HOWEVER THAT THERE ARE STORM CLOUDS IN TERMS OF WORLD-WIDE INFLATION AND ALBERTA IN THE SHORT TERM MAY BE ABLE TO WITHSTAND THESE PRESSURES PERHAPS BETTER THAN OTHER REGIONS.

YOU WILL NOTICE THOUGH THAT I MENTIONED IN THE SHORT TERM. SINCE ENTERING PUBLIC LIFE OVER NINE YEARS AGO, MY THEME HAS BEEN THAT THIS PROVINCE'S ECONOMY IS TOO VULNERABLE, IT IS TOO DEPENDENT UPON THE SALE OF DEPLETING RESOURCES, PARTICULARLY OIL AND NATURAL GAS FOR ITS CONTINUED PROSPERITY. WE HAVE PERHAPS ANOTHER DECADE LEFT TO DIVERSIFY OUR ECONOMY TO BECOME LESS DEPENDENT (AS AN ASIDE, WE WILL ALWAYS BE OF COURSE EXTREMELY STRONG AS A RESOURCE PROVINCE) BUT WE MUST BE IN A POSITION TO BE LESS AFFECTED BY EXTERNAL FACTORS. IF WE FAIL TO DO SO IN MY VIEW WE WILL LEAVE THE NEXT GENERATION IN ALBERTA A SAD LEGACY INDEED - A LACK OF ECONOMIC MUSCLE TO SUSTAIN OUR QUALITY OF LIFE OVER THE LONGER TERM.

FRANKLY, I DESPAIR OF THE SHORT TERM THINKING OF A FEW ALBERTANS WHO BELIEVE WE CAN COAST ON THE SALE OF OUR DEPLETING RESOURCES FOR OUR CONTINUED PROSPERITY. TO ME, IT'S OBVIOUS THAT AN ECONOMY SUCH AS OURS IN ALBERTA WITH NO NATIONAL POLITICAL CLOUT RELYING UPON THE SALE OF UNPROCESSED RESOURCES FOR ITS NEXT GENERATION'S PROSPERITY IS FOLLY IN THE EXTREME. BASIC FACTS SIMPLY CANNOT BE IGNORED. THE CONVENTIONAL CRUDE OIL RESOURCES

AND RESERVES IN ALBERTA ARE ESTIMATED TO LAST ONLY ANOTHER TWELVE YEARS. OUR AGRICULTURAL PROSPERITY STILL DEPENDS UPON ANNUAL GRAIN BUYING BY CHINA AND A FEW OTHER FOREIGN COUNTRIES. IF WE LOOK TO THE WEST OF US AT THE FOREST PRODUCT INDUSTRY IN BRITISH COLUMBIA FOR EXAMPLE, A SLACKENING OF THE UNITED STATES HOUSING NEEDS HAS SEVERELY DAMAGED THAT INDUSTRY IN BRITISH COLUMBIA (SO TOO IN ALBERTA, BUT ITS PROVINCE-WIDE IMPACT IS NOT NEARLY SO GREAT). LADIES AND GENTLEMEN, IT IS THAT SORT OF VULNERABILITY THAT DEEPLY CONCERNS ME. THE INTENSITY OF MY CONCERN MAY GIVE YOU SOME INDICATION OF THE DETERMINATION OF THE ALBERTA GOVERNMENT TO TRY TO DO SOMETHING ABOUT IT AND EXPLAIN THEN THE MAJOR POLICY DECISIONS WE HAVE MADE DURING THE LAST THREE YEARS. IN TERMS OF DIVERSIFICATION, IT'S IMPORTANT TO NOTE THAT REGARDING MANUFACTURING IN CANADA, ONTARIO HAS 51.5 PERCENT, ALBERTA ONLY 4.2 PERCENT AND BRITISH COLUMBIA 9.3 PERCENT AND ONTARIO'S MANUFACTURING BOLSTERED NOW BY PETROSAR IS STILL GROWING FASTER THAN ALBERTA. IN ANALYZING THE REASONS FOR THIS MANUFACTURING SITUATION IN CANADA, WE COME TO TRANSPORTATION AS THE KEY TO THE ALBERTA FUTURE (AND I MENTIONED I WANT TO RETURN TO THIS TRANSPORTATION ISSUE AS A SEPARATE SUBJECT).

MY REMARKS TODAY HAVE BEEN BILLED BY THE CALGARY CHAMBER OF COMMERCE AS "ALBERTA'S INDUSTRIAL STRATEGY". THIS HAS EVOLVED OVER THE LAST THREE YEARS AND ARISES OUT OF THE GOALS OF YOUR PROVINCIAL GOVERNMENT. OUR BASIC GOAL IS THAT - AS A PROVINCE IN TRANSITION - TO DIVERSIFY AND BECOME LESS DEPENDENT UPON THE SALE OF UNPROCESSED RESOURCES, PARTICULARLY NON-RENEWABLE RESOURCES. WE HAVE FOUR SUPPLEMENTARY GOALS. FIRSTLY, TO SPREAD THE GROWTH ON A BALANCED BASIS ACROSS THE PROVINCE (DECENTRALIZATION, IF YOU LIKE TO CALL IT THAT) AND CAPITALIZE UPON THE POTENTIAL OF THE SMALLER CENTRES -

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TO ASSURE A BETTER QUALITY OF LIFE FOR CITIZENS LIVING WITHIN THE METROPOLITAN AREAS AND ALSO THE SMALLER CENTRES AS A COMBINED RESULT. MY READING OF THE PEOPLE OF ALBERTA IN MY TRAVELS, PARTICULARLY IN THE METROPOLITAN CENTRES OF ALBERTA IS A GROWING CONCURRENCE WITH THAT GOAL. AND SECONDLY, TO STRENGTHEN FREE ENTERPRISE IN ALBERTA BY STRENGTHENING SMALL AND LOCALLY-CONTROLLED BUSINESS IN THIS PROVINCE. THIRDLY, BY UPGRADING THE SKILLS OF OUR CITIZENS TO CREATE HIGHER PRODUCTIVITY, GREATER INCOME AND MORE JOB SATISFACTION THAN COMES FROM UNSKILLED WORK. FOURTHLY, TO CAPITALIZE UPON OUR NATURAL ADVANTAGES SUCH AS THE GATEWAY TO NORTHERN DEVELOPMENT, THE RECREATION POTENTIAL OF THE EASTERN SLOPES, THE UNTAPPED FOOD GROWING POTENTIAL OF THE PROVINCE AND THE ASSURED SOURCE OF SUPPLY FOR PETROCHEMICAL FEEDSTOCK. AS WE STRIVE FOR PROGRESS TOWARDS THESE GOALS WE HAVE DEVELOPED AN OVERALL STRATEGY - WHICH BY ITS NATURE IS FLEXIBLE AND WILL OVER TIME BE SUPPLEMENTED. IN SOME CASES IT IS BROAD, IN OTHERS, SPECIFIC - BUT IN ITS OVERVIEW, I SUGGEST IT IS LOGICAL TO CREATE A PATTERN WITH THE THREADS GOING BACK TO THE BASIC AND SUPPLEMENTARY GOALS THAT I HAVE OUTLINED. LET ME DEVELOP THIS ALBERTA INDUSTRIAL STRATEGY :

FIRST, TO MAINTAIN CONTINUED PRESSURE FOR FAIR MARKET VALUE FOR THE SALE OF OUR NATURAL RESOURCES. AN EXAMPLE IS OUR POLICY FOR HIGHER NATURAL GAS PRICES WHICH OVER TWO YEARS HAVE INCREASED THE AVERAGE WELLHEAD PRICE FROM 16 CENTS PER THOUSAND CUBIC FEET TO 46 CENTS PER THOUSAND CUBIC FEET, ALMOST TRIPLE.

NEXT, TO USE A PORTION OF GOVERNMENT REVENUE AS CAPITAL FUNDS TO ENCOURAGE DIVERSIFICATION AND DECENTRALIZATION. OUR

POLICIES FOR INCREASED EXPENDITURE ON IRRIGATION AND WATER AND SEWER FACILITIES FOR SMALLER CENTRES ARE GOOD EXAMPLES OF THIS APPROACH.

NEXT, TO INSIST THAT OUR RESOURCES ARE - AS MUCH AS PRACTICAL - PROCESSED AND UPGRADED IN ALBERTA SO THAT WE DO NOT EXPORT JOBS WITH OUR RESOURCES. THIS IS CONFIRMED BY OUR POLICY REGARDING PETROCHEMICALS - TO USE THE FEEDSTOCK TO PROVIDE A BASIC PLASTIC AND OTHER DERIVATIVE INDUSTRIES HERE IN THIS PROVINCE RATHER THAN IN THE SARNIA AREA.

NEXT, TO RECOGNIZE THAT TRANSPORTATION IS THE KEY TO DIVERSIFICATION FOR THIS LAND-LOCKED PROVINCE, FAR FROM POPULATION CENTRES AND TIDEWATERS. THIS IS REFLECTED IN OUR POSITION AT THE WESTERN ECONOMIC OPPORTUNITIES CONFERENCE; OUR ACQUISITION OF PACIFIC WESTERN AIRLINES; OUR SMALL AIRPORT CONSTRUCTION PLANS; OUR HIGHWAY STRENGTHENING PROGRAM.

NEXT, TO TAKE ADVANTAGE OF EVERY OPPORTUNITY TO PROCESS OUR AGRICULTURAL PRODUCTS HERE IN ALBERTA PRIOR TO SHIPMENT. THIS IS ILLUSTRATED BY OUR AGRICULTURAL DEVELOPMENT FUND - THE NEW RAPESEED PLANTS - VEGETABLE AND MEAT PROCESSING OPERATIONS - THAT ARE GOING UP THROUGHOUT ALL PARTS OF ALBERTA.

NEXT, TO CAPITALIZE UPON OUR TOURIST POTENTIAL. THIS IS A VERY PROMISING AREA FOR SMALL AND LOCAL BUSINESS AND NEW JOBS FOR YOUNGER ALBERTANS - AND HERE, I REFER YOU TO OUR POLICY REGARDING THE KANANASKIS AREA, THE DAVID THOMPSON HIGHWAY, AND OUR CHARTER AIR SERVICES PLANS.

NEXT, TO OFFSET OUR TRANSPORTATION COSTS OBSTACLES IN PART BY HOLDING ENERGY COSTS LOW, AND I POINT HERE TO OUR TWO-PRICE NATURAL GAS SYSTEM AND THE LOWEST GASOLINE TAX IN CANADA.

NEXT, TO ESTABLISH TAXATION POLICIES WHICH WILL ENCOURAGE LOCAL BUSINESSES AND CONTINUE TO MAINTAIN OUR POSITION AS ONE OF THE FEW PROVINCIAL GOVERNMENTS WITH NO ESTATE TAX, THE ONLY PROVINCIAL GOVERNMENT WITH NO SALES TAX AND WITH A NEW CORPORATE TAX SYSTEM EMPHASIZING INCENTIVES FOR SMALL BUSINESS WE HOPE TO DEVELOP OVER THE NEXT FEW YEARS.

NEXT, TO MAINTAIN A CLIMATE OF WELCOMING OUTSIDE INVESTMENT - OUR POLICY DECISION ON MAJOR PROJECTS SUCH AS SYNCRUDE, SIMPSON LUMBER OR WITH COMINCO ARE ILLUSTRATIVE.

NEXT, TO EMPHASIZE IN GOVERNMENT PROGRAMS - SKILL UPGRADING TO PROVIDE AS MUCH AS POSSIBLE NEEDED MANPOWER REQUIREMENTS BY ALBERTANS AND HERE I REFER TO OUR EXPANDED TECHNICAL AND VOCATIONAL TRAINING PROGRAMS, OUR APPRENTICESHIP PROGRAM AND OUR JOB TRAINING EMPHASIS.

NEXT, TO ENCOURAGE RESEARCH BY BOTH PRIVATE AND COMPETITIVE GROUPS TO GIVE COMPETITIVE ADVANTAGE TO LOCAL GROUPS AND HENCE DEVELOP SPECIALTY INDUSTRY IN THIS PROVINCE. INCREASED CONSULTING CONTRACTS (WE HAVE TABULATED THAT THIS SHOWS A SURPRISING EXPANSION IN THIS AREA) AND WITHIN A WEEK I BELIEVE WE WILL SEE THE FINAL FORMULATION OF THE ENERGY RESEARCH INSTITUTE AT THE UNIVERSITY OF CALGARY.

AND NEXT, TO DECENTRALIZE GOVERNMENT OPERATIONS AS FAR AS PRACTICAL - WE HAVE DONE THIS IN A MULTITUDE OF CASES IN THE

SMALLER CENTRES - THERE ARE MANY GOOD EXAMPLES.

FINALLY, TO ASSURE THAT OUR ENVIRONMENTAL STANDARDS ARE UNDERSTOOD, CONSISTENT AND FAIR AND HERE I REFER TO THE AIR QUALITY STANDARDS THAT HAVE BEEN DEVELOPED OVER THE LAST FEW YEARS IN CONSULTATION WITH THOSE AFFECTED.

LADIES AND GENTLEMEN, THERE ARE OTHER ASPECTS OF OUR INDUSTRIAL STRATEGY THAT ARE EVOLVING, PARTICULARLY IN TERMS OF BALANCED GROWTH THROUGHOUT ALBERTA. WHEN I REFER TO BALANCED GROWTH I HOPE HERE IN A CALGARY AUDIENCE - I SENSE I DO - I HAVE YOUR SUPPORT IN ESTABLISHING A BETTER PROVINCE BY HAVING MORE BALANCE THROUGHOUT ALL OF IT. WE ARE PLEASED AT THOSE VERY IMPORTANT STATISTICS THAT SHOWS THAT POPULATION OUTSIDE OF METROPOLITAN AREAS HAS STABILIZED AND IS NOT CONTINUING TO DECLINE. THE ALBERTA GOVERNMENT TELEPHONES RURAL PHONES HAVE INCREASED 12 PERCENT SINCE 1971 AND BUSINESS PHONES IN RURAL AREAS INCREASED BY 66 PERCENT. I REGRET THAT TIME PRECLUDES FURTHER ELABORATION AS THERE IS CERTAINLY A NEED FOR A FULLER AND FURTHER UNDERSTANDING OF THIS INDUSTRIAL STRATEGY. WE ARE ARRANGING AN OCCASION IN COOPERATION WITH THE ALBERTA CHAMBER OF COMMERCE WITHIN THE NEXT TWO MONTHS WHERE WE CAN GET TOGETHER AND HAVE YOUR SUGGESTIONS TO THRASH OUT THE DETAILS OF THIS INDUSTRIAL STRATEGY AS IT FURTHER EVOLVES AND AFFECTS YOU IN A SPECIFIC WAY.

I DOUBT IT IS NECESSARY FOR ME TO POINT OUT THAT WITH THIS PROVINCE AND WITH THIS DIVERSIFICATION WILL ALSO COME SOME PROBLEMS AND GROWING PAINS, PARTICULARLY GROWING PAINS IN TERMS OF MATERIAL AND MANPOWER SHORTAGES IN THE SHORT TERM AND IN THE LONGER TERM, GREATER PROPENSITY FOR LABOUR DISPUTES.

LADIES AND GENTLEMEN, OUR PLATFORM SPECIFICALLY CHARGES US WITH ENSURING A GREATER PARTICIPATION BY ALBERTANS IN THE OWNERSHIP OF ALBERTA'S INDUSTRY. IT WAS MY JUDGMENT ALBERTANS WOULD NOT ACCEPT A SECOND OIL SANDS PLANT UNLESS THERE WAS SOME VEHICLE FOR DIRECT ALBERTAN SHAREHOLDER PARTICIPATION. THE ALBERTA ENERGY COMPANY WILL HAVE AN OPTION FOR 20 PERCENT OF THE SYNCRUDE PLANT AND 80 PERCENT OF THE PIPELINE WILL BE UNDER ITS JURISDICTION. AS YOU KNOW, WE ARE ESTABLISHING THE ENERGY COMPANY WITH 50 PERCENT DIRECT EQUITY PARTICIPATION BY THE CITIZENS. IT IS OUR INTENTION AS GOVERNMENT POLICY TO HAVE THE MINORITY OF THE DIRECTORS APPOINTED BY THE PROVINCIAL GOVERNMENT AND THE MAJORITY BY THE SHAREHOLDERS AT LARGE AND TO HAVE AS GOVERNMENT APPOINTED DIRECTORS, BUSINESSMEN AND NOT PUBLIC SERVANTS. IN MY VIEW THIS CONCEPT HAS BEEN WIDELY ACCEPTED BY ALBERTANS. I DO HOWEVER UNDERSTAND THAT ONE ASPECT OF THE ALBERTA ENERGY CONCEPT WHICH APPEARS TO TROUBLE THE BUSINESS COMMUNITY PARTICULARLY HERE IN CALGARY. THAT'S THE MATTER OF COMPETITION SUPPOSEDLY WITH THE CONVENTIONAL PETROLEUM INDUSTRY AND IN PARTICULAR REGARDING SUFFIELD. FOR SOME REASON OUR COMMUNICATION HAS BEEN LACKING. IT HAS NEVER BEEN OUR INTENTION WITH REGARD TO SUFFIELD TO DEVELOP IT DIRECTLY THROUGH THE ALBERTA ENERGY COMPANY, BUT THE ALBERTA ENERGY COMPANY, WHEN THE TRANSFERS TAKE PLACE, WILL INVITE PROPOSALS FOR DEVELOPMENT FROM THE CONVENTIONAL PETROLEUM INDUSTRY IN ALBERTA. THERE IS NO INTENTION WHATSOEVER OF THE ALBERTA ENERGY COMPANY BEING IN ANY WAY IN COMPETITION WITH THE CONVENTIONAL EXPLORATION AND PETROLEUM INDUSTRY IN THIS PROVINCE. PERHAPS WE HAVE HAD A FAILURE OF COMMUNICATION AND IF THE MATTER HAS BEEN MISUNDERSTOOD I TRUST MY REMARKS TODAY HAVE HELPED TO CLEAR IT UP.

THIS BRINGS ME TO OUR RESOURCE POLICY REGARDING THE PETROLEUM INDUSTRY. BECAUSE OF ITS BASIC IMPORTANCE TO ALBERTANS, I BELIEVE ON THIS OCCASION I SHOULD ADD THE NECESSARY REVIEW OF OUR NATURAL RESOURCE POLICY WHICH HAS BEEN DEVELOPED AND IS AN INTEGRAL PART OF OUR ALBERTA INDUSTRIAL STRATEGY. THE FOUNDATIONS ARE THESE -

FIRSTLY - SUFFICIENT RESOURCES MUST BE CONSERVED FOR THE FUTURE REQUIREMENTS OF ALBERTANS AND THEIR CHILDREN.

SECONDLY - THAT THE RESOURCES ARE ONLY TO BE DISPOSED OF AT FAIR MARKET VALUE AND WITH ADEQUATE RETURN TO THE OWNER OF THE RESOURCES - THE PEOPLE OF ALBERTA.

THIRDLY - THE DEVELOPMENT OF RESOURCES SHOULD BE DIRECTED TOWARDS PROCESSING IN ALBERTA TO THE EXTENT PRACTICAL TO EXPAND JOB OPPORTUNITIES TO OUR CITIZENS. WITH REGARD TO OUR EFFORTS IN THIS AREA, I WAS VERY PLEASED - AS I AM SURE YOU WERE - TO SEE THE RECENT REPORT ANNOUNCED WEDNESDAY REGARDING NATURAL GAS PRICING AS A RESULT OF OUR POLICY OF SOME TWENTY MONTHS AGO. EFFECTIVE TRIPLING OF THE WELLHEAD PRICE OF NATURAL GAS WHICH AFTER ROYALTIES WILL BRING TO THE PETROLEUM INDUSTRY BASED HERE IN ALBERTA, AN INCREMENTAL REVENUE OF \$277 MILLION A YEAR. I THINK IT IS FAIR TO SAY THAT IF THE PROVINCIAL GOVERNMENT HAD NOT MOVED IN TWENTY MONTHS AGO THE LOG JAM WOULD NOT HAVE BEEN BROKEN ON RENEGOTIATION AND CONTRACTS NOT CONTAINING PROVISIONS FOR RENEGOTIATION BECAUSE OF THE POSITION THE INDUSTRY WAS IN WITH THE BUYERS' MONOPOLY THAT EXISTED BECAUSE OF THE DECISION OF THE NATIONAL ENERGY BOARD TO PREVENT FURTHER EXPORT OUT OF THE COUNTRY, HENCE PLACING TRANSCANADA PIPELINE IN A

MONOPOLY POSITION. IN MY VIEW IT WAS ABSOLUTELY ESSENTIAL FOR THE ALBERTA GOVERNMENT TO CHANGE THE FORMER POLICY OF PLAYING A HANDS OFF ROLE ON PRICE TO STEP IN ON THE SIDE OF INDUSTRY TO ASSURE THAT PRESSURE RESULTED IN EFFECTIVE RENEGOTIATION OF PRICES MORE RAPID RENEGOTIATION AND RENEGOTIATION WHERE THERE WAS NO PROVISION WITHIN CERTAIN NATURAL GAS CONTRACTS. I BELIEVE THAT THIS HAS BEEN A VERY IMPORTANT AND EXTREMELY SIGNIFICANT MOVE FOR THE PETROLEUM INDUSTRY IN THE PROVINCE.

I FEEL THERE IS A GREAT DEAL MORE NATURAL GAS LEFT TO FIND IN ALBERTA. WE, THE GOVERNMENT, WILL CONTINUE TO ENCOURAGE EXPLORATION. WITH REGARD TO PRICING, IT IS SIGNIFICANT TO NOTE THAT IN THE UNITED STATES THE FEDERAL POWER COMMISSION FIXED A CEILING OF 43 CENTS PER THOUSAND CUBIC FEET AT THE WELLHEAD ON PRICES FOR INTER-STATE SHIPMENT WHICH RESULTS IN AN AVERAGE U.S. PRICE FOR INTER-STATE SHIPMENT OF ABOUT 27 CENTS AND COMPARED WITH OUR PRESENT 46 CENTS, THERE IS POTENTIAL OF SIGNIFICANT REWARD. IN MY VIEW, LADIES AND GENTLEMEN, THIS ACTION BY THE ALBERTA GOVERNMENT PROVIDED STRONG ENCOURAGEMENT FOR THE NATURAL GAS EXPLORER IN THIS PROVINCE.

I BELIEVE, TOO, THAT IT IS IMPORTANT FOR ME TO SAY A FEW WORDS WITH REGARD TO THE FEDERAL BUDGET PROPOSALS OF MAY 6TH INsofar AS THEY AFFECT THE PETROLEUM INDUSTRY IN ALBERTA. ON THE OTHER HAND, I AM SURE ALL OF YOU UNDERSTAND THAT DELICATE DISCUSSIONS ARE NOW IN PROCESS BETWEEN THE ALBERTA GOVERNMENT AND THE FEDERAL GOVERNMENT THAT I DO NOT WANT TO PREJUDICE. I RECOGNIZE THAT ALL PARTIES, THAT IS - THE FEDERAL GOVERNMENT, THE PROVINCIAL GOVERNMENT AND

THE INDUSTRY ARE GOING TO HAVE TO GIVE A LITTLE. I WANT TO ASSURE ALBERTANS AND CALGARY IN PARTICULAR WHERE THE INDUSTRY IS HEAD-QUARTERED, THAT WE ARE NOT GOING TO STAND BY AND WATCH A BASIC INDUSTRY IN THIS PROVINCE TRULY HARMED. WE ASSESS THE SITUATION WITH TWO FACTORS IN MIND. FIRSTLY, THE FEDERAL GOVERNMENT HAS THE BASIC RESPONSIBILITY TO ENCOURAGE CANADA'S SELF-SUFFICIENCY OF SUPPLY. CANADA IS THE ONLY INDUSTRIALIZED COUNTRY IN THE WESTERN WORLD SELF-SUFFICIENT IN ENERGY. THE FEDERAL GOVERNMENT IN OUR VIEW HAS THE CLEAR RESPONSIBILITY TO ENCOURAGE EXPLORATION UNDER FEDERAL LANDS IN THE NORTH AND THEY THUS MUST ASSURE ADEQUATE RETURNS TO INDUSTRY ON EXISTING PRODUCTION AND ADEQUATE INCENTIVES FOR FUTURE EXPLORATION.

THE SECOND FACTOR THAT WE HAVE TO LOOK AT IN THIS SITUATION IS THE GEOLOGICAL PROSPECTS AS FACTS OF LIFE. ALTHOUGH THERE ARE SIGNIFICANT RESERVES YET TO BE FOUND IN THIS PROVINCE, WE CANNOT IGNORE THE FACT THAT THE PETROLEUM INDUSTRY IN ALBERTA HAS REACHED A CERTAIN STAGE OF MATURITY AND SOME HAVE CONCLUDED THE GEOLOGICAL PROSPECTS ARE BETTER ELSEWHERE - IN FACT, SOME REACHED THAT CONCLUSION SOME YEARS AGO. AS FAR AS THE ALBERTA GOVERNMENT IS CONCERNED, WE ARE PARTICULARLY INTERESTED IN ENCOURAGING COMPANIES TO CONTINUE TO DRILL IN THIS PROVINCE. WE'RE CONFIDENT THAT SUBSTANTIAL NEW RESERVES CAN BE FOUND IN ALBERTA AND WE WILL PROVIDE THE NECESSARY INCENTIVES TO ENSURE A REASONABLE RATE OF RETURN TO FULFILL THAT OBJECTIVE. WE WILL DO ALL THAT WE CAN WITHIN THE LIMITATIONS OF PROVINCIAL GOVERNMENT JURISDICTION - TO ASSURE AND MAINTAIN A VIABLE GROWING PETROLEUM INDUSTRY WITH ITS HEADQUARTERS AND BASE HERE IN ALBERTA.

LADIES AND GENTLEMEN, THAT BRINGS ME NEXT TO THE COMPLEX AND DIFFICULT AREA OF TRANSPORTATION. SINCE COMING TO OFFICE, WE HAVE SPENT MANY HOURS IN EVALUATING THE ECONOMY OF ALBERTA AND DEVELOPING OUR INDUSTRIAL STRATEGY. IT BECAME MORE AND MORE EVIDENT TO US THAT TRANSPORTATION IS THE KEY. WE CAN DO A LOT OF THINGS - YOU CAN DO A LOT OF THINGS - BUT, FOR US IN ALBERTA TO REALLY SUCCEED IN TERMS OF OUR GOAL OF BECOMING LESS DEPENDENT AND LESS VULNERABLE UPON DEPLETING RESOURCES AND MORE DIVERSIFIED WE HAVE TO MAKE SOME MAJOR BREAKTHROUGHS IN TRANSPORTATION. I'M EXTREMELY PROUD TO HAVE WORKED WITH AND OBSERVED THE VERY IMPORTANT CONTRIBUTION THAT FRED PEACOCK HAS MADE ON YOUR BEHALF AND ON BEHALF OF THE PEOPLE OF ALBERTA - WITH HIS BUSINESS AND CHAMBER OF COMMERCE BACKGROUND- HE HAS BEEN PUSHING THIS ISSUE AT LITERALLY EVERY OPPORTUNITY. I REFER YOU TO THE SPEECH HE MADE A WEEK AGO TO THE ROTARY CLUB OF SOUTH CALGARY. AND THERE ISN'T, FRANKLY, A WEEK THAT GOES BY - THAT FRED DOESN'T REFER A MATTER OF TRANSPORTATION TO ME - BE IT RAIL OR TRUCK OR AIR.

I KNOW THAT I AM BEING SOMEWHAT LENGTHY BUT I KNOW THAT YOU WANT TO HAVE SOME GREAT UNDERSTANDING OF OUR VIEWS WITH REGARD TO THIS COMPLEX ISSUE OF TRANSPORTATION. ON THE MATTER OF RAIL - I TRUST THAT WITH THIS PARTICULAR AUDIENCE I DO NOT HAVE TO OUTLINE THE CASE FOR REFORM FOR FREIGHT RATES AND THE NEED FOR NEW RAILWAY POLICIES FOR CANADA. IN OUR JUDGMENT IT IS CLEAR THAT ALBERTA HAS BEEN PENALIZED IN CONFEDERATION - THAT EXISTING TRANSPORTATION POLICY WORKS AGAINST DIVERSIFICATION OF BALANCED ECONOMIC GROWTH ACROSS CANADA. THE NATIONAL TRANSPORTATION POLICY AS IT EXISTS TODAY IN CANADA BUILDS UPON EXISTING FACILITIES - IT IS PUNITIVE TO THE SOURCE OF RAW PRODUCTS. WE, THUS CAME TO THE WESTERN ECONOMIC OPPORTUNITIES CONFERENCE OF FOURTEEN MONTHS AGO HERE IN CALGARY

AND ALBERTA TOOK THE LEAD IN SELECTING THE ISSUE OF TRANSPORTATION TO PRESENT. THE CRITICS IN THE PROVINCE SAY THAT WE ARE WASTING OUR TIME - THAT PEOPLE HAVE TRIED FOR DECADES AND MADE NO PROGRESS. BUT, WE ARE DETERMINED THAT CHANGES CAN BE MADE AND PRESSURE WILL CONTINUE TO BE EXERCISED. AT THE WESTERN ECONOMIC OPPORTUNITIES CONFERENCE SOME OF YOU MAY REMEMBER THE CONFRONTATION THAT FRED AND I HAD WITH THE PRIME MINISTER AND MR. MARCHAND IN THE OPENING DAY - I GUESS YOU COULD CUT THE TENSION IN THE AIR WITH A KNIFE. I DIDN'T REALLY KNOW WHETHER WE WERE GETTING ANYWHERE, YET TEN MONTHS LATER TO MY SURPRISE, I HEARD ABOUT THE SPEECH THE PRIME MINISTER MADE IN EDMONTON LAST JUNE AND THERE CERTAINLY WERE SIGNS OF A POSSIBLE BREAKTHROUGH. IT WAS ALMOST EXACTLY WHAT WE SOUGHT AT W.E.O.C. - THE RESERVE CAR FLEET - THE CHANGES IN THE FREIGHT RATE STRUCTURE - IMPROVED RAIL ACCESS TO PORTS AND MANY OTHER FEATURES. YOU CAN BE ASSURED THAT WE WILL BE FOLLOWING UP VIGOROUSLY WITH THIS GRADUALLY OPENING DOOR IN TERMS OF RAIL TRANSPORTATION.

THE NEXT IMPORTANT AREA IS IN THE AREA OF TRUCKING. ALBERTA HAS BEEN BEHIND IN TERMS OF STRENGTHENING ITS ROADS FOR TRUCK TRANSPORTATION AND WE HAVE NOW DEVELOPED - IN CLOSE COOPERATION WITH THE FEDERAL GOVERNMENT - A NEW HIGHWAY UPGRADING PROGRAM WHICH WILL SUBSTANTIALLY INCREASE THE GROSS VEHICLE WEIGHTS THAT CAN BE CARRIED ON OUR MAIN HIGHWAYS. THIS WILL ALLOW A TANDEM TRACTOR TRAILER UNIT WHICH IS THE COMMON KIND OF LARGE TRUCKING VEHICLE TO HAVE A GROSS WEIGHT OF 80,000 POUNDS AND WITH DOUBLE UNITS UP TO 110,000 POUNDS. I AM SURE TO A BUSINESS AUDIENCE SUCH AS THIS, IT IS NOT NECESSARY FOR ME TO ELABORATE THE SIGNIFICANCE OF THIS MOVE FOR TRANSPORTATION IN ALBERTA.

THIS BRINGS ME NEXT TO THE TRANSPORTATION AREA TO THE MATTER OF AIR TRANSPORTATION. THE RECENT DATA WE HAVE RECEIVED IS THAT THE ANNUAL GROWTH RATE OF AIR FREIGHT IN CANADA IS GROWING AT 25 PERCENT PER YEAR. OBVIOUSLY, IT IS THE GROWING FUTURE OF TRANSPORTATION. HOWEVER, FOREIGN OWNED AIR CARRIERS ARE STILL TRANSPORTING THE MAJORITY OF CANADIAN ORIGIN AND DESTINATION AIR FREIGHT. FROM THE EDMONTON HUB, ESTIMATES OF POTENTIAL INDICATE THAT FROM 42 MILLION POUNDS TRANSPORTED IN 1970 WE COULD LOOM TO AN ESTIMATE OF POTENTIAL FOR 1985 OF 200 MILLION POUNDS. THERE IS LITERALLY TREMENDOUS POTENTIAL AS YET TO BE TAKEN ADVANTAGE OF IN TERMS OF AIR FREIGHT FOR ALBERTA. HOWEVER THE COST OF EQUIPMENT IS STAGGERING AND INCREASING - FOR EXAMPLE THE THREE BOEING 737'S THAT P.W.A. HAVE ON ORDER WILL AGGREGATE \$20 MILLION. THE NEW INNOVATIONS IN CARGO EQUIPMENT WILL BE EVEN MORE EXPENSIVE AND THIS COMES AT A TIME WHEN AIRLINES THROUGHOUT THE WORLD ARE GETTING INTO SIGNIFICANT FINANCIAL DIFFICULTY (PAN AM IN THE UNITED STATES IS REQUESTING FROM THE UNITED STATES GOVERNMENT A SUBSIDY OF \$10 MILLION A MONTH). FRANKLY, WE LOOK AT TRANSPORTATION AS A SPECIAL SITUATION FOR GOVERNMENTS LIKE COMMUNICATIONS.

A DISTURBING DEVELOPMENT WAS THE WARDAIR SITUATION. WARDAIR HAD SOUGHT PRIVATE CAPITAL SOURCES BUT WERE UNSUCCESSFUL AND WERE FORCED TO MERGE WITH AIR CANADA. RECENTLY, THEY HAVE ADVISED THEY ARE MOVING FROM ALBERTA TO TORONTO. P.W.A.'S MANAGEMENT ADVISED US THAT THEY WERE CONSIDERING - DUE TO THEIR FINANCIAL LIMITATIONS - AND TO OUR CONSIDERABLE CONCERN - A SIGNIFICANT REDUCTION IN THEIR AIR FREIGHT OPERATIONS. YET PACIFIC WESTERN AIRLINES, IN ADDITION TO ITS NORTHERN ROUTES HAS LANDING RIGHTS AT ALL COMMONWEALTH COUNTRIES, NUMEROUS EUROPEAN COUNTRIES AND

CAN TAKE MOST OTHER TRIPS ON A ONE TO SEVEN DAY NOTICE BASIS. THEY HAVE ALSO DEVELOPED AN EXCEPTIONALLY GOOD RECORD FOR SHIPPING LIVESTOCK INTO THE PACIFIC RIM.

THIS BRINGS ME TO OUR DECISION TO ACQUIRE PACIFIC WESTERN AIRLINES. AT FIRST GLANCE, WE CAN WELL UNDERSTAND THAT IT WOULD BE A MATTER OF CONCERN TO THE BUSINESS COMMUNITY. HOWEVER, I HOPE THAT WHEN YOU CONSIDER THE BACKGROUND THAT I HAVE DESCRIBED AND OUR OBJECTIVES - TOGETHER WITH ANY FURTHER REMARKS - THAT YOUR CONCERN WILL DIMINISH. FRANKLY, IT WOULD HAVE BEEN MUCH EASIER AND MUCH MORE COMFORTABLE FOR US TO DO NOTHING AND WATCH WHAT WE FELT WOULD BE A GRADUAL - MAYBE NOT SO GRADUAL - DISINTEGRATION OF ALBERTA'S FUTURE IN AIR AND AIR TRANSPORTATION IN PARTICULAR. WE'RE NOT PREPARED AND WERE NOT PREPARED TO DO THAT. OUR INFORMATION FROM A NUMBER OF INFORMED SOURCES WAS THAT IF WE HAD SAT BACK AND DONE NOTHING, THE PROBABLE DESTINY OF PACIFIC WESTERN AIRLINES WOULD HAVE BEEN CONTROL BY A GROUP THAT WOULD HAVE BEEN NON-ALBERTAN - BASICALLY ORIENTED TOWARDS BRITISH COLUMBIA AND THE B.C./YUKON ACCESS TO THE NORTH - AND WOULD HAVE INSUFFICIENT FINANCIAL STRENGTH TO TAKE ADVANTAGE OF ALBERTA'S POTENTIAL IN AIR FREIGHT, ITS AIR CHARTER NEEDS FOR TOURISM AND TO ASSURE THAT ALBERTA REMAINS THE STAGING AREA FOR NORTHERN DEVELOPMENT.

NOW, OUR PREFERENCE WOULD BE TO NOT HAVE BECOME INVOLVED. BUT THERE WAS, IN OUR VIEW, NO LOGICAL ALBERTA-BASED ALTERNATIVE DEVELOPING FROM THE PRIVATE SECTOR THAT WOULD BE FULLY CAPITALIZED TO THE EXTENT NECESSARY TO MEET THE ALBERTA PUBLIC INTERESTS. IN OUR JUDGMENT FROM THE STANDPOINT OF ALBERTA'S FUTURE - TRANSPORTATION IS THE KEY FOR THE PROVINCE ! WE FELT WE REALLY HAD NO CHOICE

IN THE WAY THE SITUATION WAS DEVELOPING AND THE CLEAR THREAT TO ALBERTA'S POSITION AS THE GATEWAY PROVINCE TO THE NORTH.

RECOGNIZING YOUR CONCERN, I WANT TO OUTLINE HOW WE INTEND TO OPERATE WITH REGARD TO PACIFIC WESTERN AIRLINES.

IT WILL BE CLEARLY WITH AN INDEPENDENT BOARD OF SUCCESSFUL ALBERTA BUSINESSMEN AS DIRECTORS CHARGED WITH CONTINUING TO DEVELOP A PROFIT. THE ALBERTA GOVERNMENT'S ROLE WOULD BE LIMITED TO BROAD POLICY AND FINANCIAL SUPPORT FOR EQUIPMENT. WE INTEND TO PROVIDE UNDER APPROPRIATE ARRANGEMENTS THE EQUIPMENT NECESSARY TO TAKE FULL ADVANTAGE OF THE CHARTER AND POTENTIAL THAT I HAVE SET FORTH.

NOW, LADIES AND GENTLEMEN, I KNOW THE REAL CONCERN OF THE BUSINESS COMMUNITY HERE IS WHETHER THIS MOVE IN ACQUIRING PACIFIC WESTERN AIRLINES IS PART OF A TREND OF PROVINCIAL GOVERNMENT INVOLVEMENT IN THE PRIVATE SECTOR. THE ANSWER IS UNEQUIVOCALLY - NO ! AS I HAVE SAID, WE JUDGED THE AIRLINE AS A UNIQUE SITUATION WITHIN THE TRANSPORTATION SECTOR REQUIRING FINANCING BEYOND THE CAPACITY OF THE PRIVATE SECTOR. I WOULD ALSO LIKE TO MAKE IT CLEAR THAT OUR DECISION WOULD HAVE BEEN MADE THE SAME EVEN WITHOUT THE SUBSTANTIAL NEW CAPITAL FUND COMING INTO THE TREASURY FROM RESOURCE SALES. SO, I REPEAT, THE AIRLINE DECISION DOES NOT REFLECT ANY CHANGE OF PHILOSOPHY OR ATTITUDE BY THE ALBERTA GOVERNMENT. IT WAS IN OUR VIEW A SPECIAL AND UNIQUE SITUATION STRICTLY TIED TO OUR DETERMINATION TO OFFSET THE TRANSPORTATION OBSTACLES FACING ALBERTA.

THIS LEADS ME HOWEVER, TOWARDS MY CONCLUSION, THE QUESTION OF THE CAPITAL FUNDS WE ARE ACCUMULATING AND OUR APPROACH TO SMALL BUSINESS. YOU ARE ALL AWARE THAT THE ALBERTA GOVERNMENT IN THE NEXT FEW YEARS FACES SOME VERY DIFFICULT DECISIONS IN INVESTING THE SUBSTANTIAL

CAPITAL FUNDS THAT ARE ACCRUING AS A RESULT OF LAST WINTER'S
DRAMATIC INCREASES IN WORLD CRUDE OIL PRICES. THE AMOUNT IS
ESTIMATED BETWEEN \$600 AND \$900 MILLION EACH YEAR. IN CONSIDERING
THE MATTER THIS SUMMER, WE TENTATIVELY FORESEE CERTAIN BROAD
PARAMETERS FOR THIS INVESTMENT. FIRSTLY, A SIGNIFICANT PORTION
MUST BE INVESTED IN A MANNER WHICH REFLECTS THE CLAIM OF YOUNG
ALBERTANS FOR THEIR FUTURE AND ALSO ALBERTANS NOT YET BORN - ARISING
OUT OF THE FACT THE REVENUES COME FROM THE SALE OF DEPLETING ASSETS
IN PART OWNED BY THEM. TO DO THIS WITHOUT SIGNIFICANT EROSION
BY INFLATION IS A CHALLENGE MANY OF YOU KNOW WILL BE TOUGH !
SECONDLY, IT MUST BE INVESTED WITH A MINIMUM OF INTERFERENCE WITH
THE COMPETITIVE PRIVATE SECTOR ACTIVITY. THIS WILL ALSO BE VERY
DIFFICULT BECAUSE IN THE SENSE IT INVOLVES FINANCING AND INVESTMENT
BY GOVERNMENT AND CHOOSING OF ONE COMPETITOR OVER ANOTHER - IT CAN
BE MOST DISRUPTIVE. I WOULD LIKE TO EMPHASIZE TO THIS GROUP OF
CALGARIANS THE CHALLENGE THAT YOU AND WE FACE IN WORKING TOGETHER
ON THIS PARTICULAR PARAMETER. (IT IS REFLECTED, I BELIEVE, IN THE
REMARKS THAT NORM GREEN MADE IN HIS INTRODUCTION AND WOULD LIKE TO
UNDERLINE IT FOR YOUR THOUGHTS.) THIRDLY, THE MAGNITUDE OF THE
AMOUNT OVER A NUMBER OF YEARS, MUST BE INVESTED IN WAYS WHICH WILL
NOT UNDULY DISRUPT ON A NATIONAL BASIS OUR STRONG HISTORIC FINANCIAL
INSTITUTIONS. NOW THAT MAY SOUND TO SOME OF YOU LIKE AN UNLIKELY
POSSIBILITY, BUT IF YOU CONTEMPLATE THE AMOUNTS OF MONEY INVOLVED
ON AN AGGREGATE FIVE TO TEN YEAR BASIS, I THINK YOU WILL KNOW THE
SIGNIFICANCE OF WHAT I AM SPEAKING ABOUT. FOURTHLY AND FINALLY,
THE INVESTMENT MUST BE ACCEPTABLE TO ALBERTANS GENERALLY. IN MY
JUDGMENT THAT MEANS THE BULK OF THE INVESTMENT MUST BE MADE IN
ALBERTA AND GIVEN OUR CURRENT POPULATION, THAT ALSO WILL BE DIFFICULT.
I WOULD HOPE YOU WOULD LEAVE TODAY AND THINK ABOUT THIS MATTER -

IT'S UNIQUE IN THE HISTORY OF ANY PROVINCIAL GOVERNMENT IN CANADA. WE'RE NOT GOING TO BE PRESSURED INTO ANY QUICK DECISIONS I ASSURE YOU OF THAT. BY NEXT WINTER'S SESSION OF THE LEGISLATURE, WE HOPE TO OUTLINE MORE PRECISELY PARAMETERS AND OBJECTIVES OF THIS RESOURCE CAPITAL REPLACEMENT FUND. HOWEVER, IT WILL BE AT LEAST A YEAR BEFORE ANY SIGNIFICANT INVESTMENT DECISIONS ARE MADE. I CONSIDER IT MOST DESIRABLE, MR. CHAIRMAN, TO HAVE THE BENEFIT OF THE CALGARY CHAMBER OF COMMERCE VIEWS AND THE VIEWS OF EACH OF YOU INDIVIDUALLY EITHER IN WRITING OR DIRECTLY TO THE M.L.A. - DIALOGUE IS ESSENTIAL ! I LOOK FORWARD TO THE SEMINAR I MENTIONED WITH THE ALBERTA CHAMBER OF COMMERCE AND PERHAPS THIS MATTER CAN BE ADDED TO THE AGENDA.

FINALLY, IN THE AREA OF SMALL BUSINESS, WE MADE NO APOLOGY THAT THIS IS WHERE OUR PRIORITY LIES AND HAS HAD OUR HEAVY EMPHASIS IN THE PAST THREE YEARS. IT INVOLVED THE FINANCING OF THE ALBERTA OPPORTUNITY COMPANY (I'M DELIGHTED TO COMPLIMENT THE PEOPLE INVOLVED AND THE SUPPORT OF THE BUSINESS COMMUNITY IN THAT AREA AND THE BOARD OF DIRECTORS) AND ALSO THE EFFORTS MADE IN THAT AREA BY THE TREASURY BRANCHES IN TERMS OF CONTRACTING OUT - WE HAVEN'T DONE AS WELL AS I WOULD LIKE AND I THINK THERE ARE SIGNIFICANT NEW AREAS WHERE GOVERNMENT OPERATIONS COULD BE CONTRACTED OUT TO THE PRIVATE SECTOR. MUCH MORE CAN BE DONE AND WE WILL WELCOME YOUR IDEAS. IN TERMS OF COST - OUR NATURAL GAS REBATE PLAN FOR SMALL BUSINESS WILL HELP YOU TO BE COMPETITIVE WITH CENTRAL CANADA AND BRITISH COLUMBIA. IN TERMS OF TAXATION - I HAVE ALREADY REVIEWED AND REITERATED OUR POSITION OF NO ESTATE TAX. AS YOU KNOW, WE'RE LOOKING FOR CONTINUED DISCUSSION AND YOUR VIEWS ON OUR PROPOSED TAX INCENTIVE BUSINESS SYSTEM FOR SMALL BUSINESS IN THIS PROVINCE.

IN CONCLUSION, LADIES AND GENTLEMEN, LET ME SUMMARIZE. I HAVE DESCRIBED OUR PHILOSOPHY ON ECONOMIC MATTERS AND REVIEWED THE STATE OF BUSINESS IN ALBERTA TODAY. I HAVE EXPRESSED OUR CONCERN WITH OUR ECONOMIC VULNERABILITY IN THE MEDIUM TERM AND OUR NEED FOR DIVERSIFICATION. I HAVE OUTLINED AND SKETCHED ALBERTA'S INDUSTRIAL STRATEGY. I HAVE NOTED OUR APPROACH FOR CITIZENS' PARTICIPATION; I HAVE RESTATED OUR RESOURCE POLICY; AND REVIEWED OUR RECENT MOVES TO STRENGTHEN ALBERTA'S TRANSPORTATION POSITION AND ASSURED YOU THAT THE CASE THAT WAS INVOLVED IS A VERY UNIQUE ONE; I HAVE CHALLENGED YOU, I HOPE, TO HELP US DEVELOP A PLAN FOR INVESTING OUR CAPITAL RESOURCE FUNDS; I HAVE INDICATED OUR APPROACH TO SMALL BUSINESS ENCOURAGEMENT. I ADMIT THAT'S A LOT TO DIGEST ON ONE OCCASION - I HOPE THAT IT HAS HELPED TO IMPROVE YOUR UNDERSTANDING OF YOUR PROVINCIAL GOVERNMENT'S ACTIONS. I APPRECIATE IT RAISES IN YOUR MIND MANY QUESTIONS. I MENTIONED, I BELIEVE ON THREE POINTS THE NEED TO SEEK YOUR COOPERATION - DIALOGUE AND SUGGESTIONS FROM THE BUSINESS COMMUNITY OF ALBERTA. I HOPE THAT THE CALGARY CHAMBER OF COMMERCE WILL PARTICIPATE IN THOSE DISCUSSIONS. THROUGHOUT IT ALL, OUR GOAL - AS I'M SURE YOU SHARE - IS TO MAINTAIN AND IMPROVE THE QUALITY OF LIFE IN ALBERTA. THESE ARE DIFFICULT TIMES - THESE ARE COMPLEX TIMES FOR GOVERNMENT AND FOR BUSINESS - LET US WORK TOGETHER TO MAKE THIS GREAT PROVINCE AN EVEN BETTER PLACE TO LIVE !

THANK YOU VERY MUCH.

[illegible]

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